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Counsel to the Debtors and
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - X
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - X

**SIXTH INTERIM FEE APPLICATION OF SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP FOR COMPENSATION FOR SERVICES
RENDERED AND REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE
DEBTORS FOR THE PERIOD FROM FEBRUARY 1, 2010 THROUGH AND
INCLUDING APRIL 30, 2010**

Name of Applicant: Skadden, Arps, Slate, Meagher & Flom
LLP

Authorized to provide professional services to: Circuit
City Stores, Inc., et al.

Date of retention: effective November 10, 2008

Period for which compensation and reimbursement are sought: February 1, 2010 through and including April 30, 2010

Amount of compensation sought as actual, reasonable, and necessary: \$2,339,200

Amount of expense reimbursement sought as actual, reasonable, and necessary: \$69,107

This is a/an: monthly X interim final application.

The Application does not request compensation at this time for services rendered in preparing this Application. The Applicant intends to seek such compensation at a later date.

**COMPENSATION BY PROFESSIONAL PERSON
SKADDEN, ARPS SLATE, MEAGHER & FLOM LLP
FEBRUARY 1, 2010 - APRIL 30, 2010**

	<u>YEAR OF</u>			
<u>NAME</u>	<u>ADMISSION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
<u>PARTNER</u>				
Jody J. Brewster	1983	\$995	41.7	\$41,492
Chris L. Dickerson	1998	\$850	21.5	\$18,275
Gregg M. Galardi	1990	\$975	254.8	\$248,442
David F. Levy	1995	\$850	29.8	\$25,330
	TOTAL PARTNER		347.8	\$333,539
<u>ASSOCIATE</u>				
Sarah K. Baker	2006	\$575	465.7	\$267,784
Megan A. Bombick	2008	\$485	5.4	\$2,619
Joshua A. Bugay	2009	\$420	301.1	\$130,242
Pamela S. Dangelo	2008	\$485	101.7	\$49,326
Folarin S. Dosunmu	2004	\$665	15.7	\$10,441
Ian S. Fredericks	2003	\$665	565.05	\$375,769
Kellan Grant	2000	\$680	156.9	\$106,692
Douglas D. Herrman	2005	\$630	26.5	\$16,695
Amy C. Huffman	2007	\$525	70.0	\$36,750
Yosef Ibrahimi	2008	\$485	60.8	\$29,489
Jennifer A. Karpe	2008	\$485	33.4	\$16,199
Candice Korkis	2009	\$420	145.9	\$61,278
Jessica S. Kumar	2007	\$525	343.4	\$180,290
Kelly A. Lazaroff	2008	\$485	259.2	\$125,718
Jason M. Liberi	2003	\$680	435.9	\$296,412
John P. Marston	2004	\$665	20.7	\$13,766
Sundeep S. Sidhu	2009	\$420	310.1	\$130,242
Christin M. Szafranski	2006	\$575	7.3	\$4,199
Jarrett Vine	2009	\$420	184.8	\$77,616
	TOTAL ASSOCIATE		3509.55	\$1,927,746
<u>PARAPROFESSIONALS</u>				
Christopher L. Angelica		\$295	41.3	\$12,184
Stacey P. Delacruz		\$186	0.5	\$93

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
Christopher M. Heaney		\$295	146	\$43,073
Wendy K. LaManna		\$295	66.2	\$19,530
Joseph J. Roman		\$80	3.2	\$256
Edward Tanzer		\$185	0.4	\$74
Kevin Wells		\$295	0.2	\$59
Joanna Winogrodzki		\$185	14.3	\$2,646
TOTAL PARAPROFESSIONAL			272.1	\$77,915
		TOTAL	4129.45	\$2,339,200
BLENDED HOURLY RATE				\$566

COMPENSATION BY PROJECT CATEGORY
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
FEBRUARY 1, 2010 - APRIL 30, 2010

Project Category	Total Hours	Total Fees
General Corporate Advice	67.4	\$44,018
Asset Analysis and Recovery	19.7	\$14,985
Assets Dispositions (General)	0.1	\$58
Asset Dispositions (Real Property)	89.1	\$50,504
Business Operations/Strategic Planning	20.0	\$19,501
Case Administration	328.5	\$150,753
Claims Administration (General)	1881.6	\$1,035,424
Claims Administration (Reclamation)	5.5	\$3,697
Creditor Meetings/Statutory Committees	3.7	\$3,608
Disclosure Statement/Voting Issues	0.7	\$207
Employee Matters (General)	68.5	\$46,791
Insurance	12	\$8,779
Leases (Real Property)	72.7	\$43,471
Litigation (General)	743.8	\$430,681
Nonworking Travel Time* *Billed at 50%.	52.45	\$43,034
Reorganization Plan/Plan Sponsors	175.3	\$103,540
Reports and Schedules	0.4	\$390
Retention/Fee Matters (SASM&F)	40.5	\$25,610
Retention/Fee Matters/Objections (Other)	42	\$45,576
Secured Claims	20.7	\$11,904
Tax Matters	450.2	\$256,773
Utilities	34.6	\$19,896
TOTAL	4129.5	\$2,339,200

EXPENSE SUMMARY
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
FEBRUARY 1, 2010 - APRIL 30, 2010

Expense Category	Total Expenses
Computer Legal Research	\$38,349
Telecommunications	\$818
Reproduction and Document Preparation	\$767
Outside Research	\$629
Travel	\$22,025
Courier, Express Carriers (e.g., Federal Express) and Postage	\$993
Electronic Document Management	\$4,930
Filing/Court Fees	\$100
Court Reporting	\$496
TOTAL	\$69,107

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

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In re: : Chapter 11
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CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
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Debtors. : Jointly Administered
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**SIXTH INTERIM APPLICATION OF SKADDEN, ARPS,
SLATE, MEAGHER & FLOM LLP FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
AS COUNSEL TO THE DEBTORS FOR THE PERIOD FROM
FEBRUARY 1, 2010 THROUGH AND INCLUDING APRIL 30, 2010**

Skadden, Arps, Slate, Meagher & Flom LLP and
its affiliated law offices (collectively, "Skadden,
Arps"), counsel for the debtors and debtors in

possession in the above-captioned cases (collectively, the "Debtors"),¹ submit this application (the "Application") seeking allowance of interim compensation and reimbursement of expenses under sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code") for the period from February 1, 2010 through and including April 30, 2010 (the "Application Period"), and represent as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Application under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Application in this district is proper under 28 U.S.C. §§ 1408 and 1409.

¹ The Debtors are the following entities: The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courcheval, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for the Debtors is 4951 Lake Brook Drive, Suite #500, Glen Allen, VA 23060.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 330 and 331.

BACKGROUND

1. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

2. On January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors' remaining stores. The going out of business sales concluded on or about March 8, 2009.

3. On September 29, 2009, the Debtors and the Creditors Committee filed the First Amended Joint Plan of Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors In Possession and its Official Committee of Creditors Holding General

Unsecured Claims (the "Plan"). The associated disclosure statement (the "Disclosure Statement") was approved on September 24, 2009. Currently, a status conference with respect to confirmation is scheduled for June 16, 2010.

4. Generally, the Plan provides for the liquidation of the Debtors under chapter 11 of the Bankruptcy Code.

RETENTION OF SKADDEN, ARPS

3. On February 20, 2008, the Debtors applied to the Court for an order authorizing them to retain Skadden, Arps pursuant to an engagement agreement dated September 1, 2008 (the "Engagement Agreement") as their bankruptcy counsel, effective as of the Petition Date, to provide the following professional services:

(a) advising the Debtors with respect to their powers and duties as debtors and debtors in possession in the continued management and operation of their businesses and properties;

(b) attending meetings and negotiating with representatives of creditors and other parties in interest and advising and consulting on the conduct of the cases, including all of the legal and Interim Compensation requirements of operating in chapter 11;

(c) taking all necessary action to protect and preserve the Debtors' estates, including the prosecution of actions on behalf of the Debtors' estates, the defense of any actions commenced against those estates, negotiations concerning litigation in which the Debtors may be involved and objections to claims filed against the estates;

(d) preparing, on behalf of the Debtors, motions, applications, answers, orders, reports, and papers necessary to the administration of the estates;

(e) preparing and negotiating on the Debtors' behalf plan(s) of reorganization, disclosure statement(s), and all related agreements and/or documents and taking any necessary action on behalf of the Debtors to obtain confirmation of such plan(s);

(f) advising the Debtors in connection with any sale of assets;

(g) performing other necessary legal services and providing other necessary legal advice to the Debtors in connection with these chapter 11 cases; and

(h) appearing before this Court, any appellate courts, and the United States Trustee and protecting the interests of the Debtors' estates before such courts and the United States Trustee.²

² Information concerning the experience and standing at the bar of Skadden, Arps' senior attorneys on this engagement are described in the application and related materials filed by Skadden in support of its retention in these cases (the "Retention Application") (D.I. 287), which is incorporated herein by reference.

4. On December 8, 2008, the Court entered an order (the "Retention Order") authorizing the Debtors to employ Skadden, Arps as their counsel effective as of the Petition Date pursuant to the terms of the Engagement Agreement. A copy of the Retention Order is attached hereto as Exhibit A.

INTERIM COMPENSATION

5. On December 9, 2008, the Court entered an Order Under Bankruptcy Code Sections 105(a) and 331 Establishing Procedures for Interim Compensation (the "Interim Compensation Order"). A copy of the Interim Compensation Order is attached hereto as Exhibit B.

6. Pursuant to the terms of the Interim Compensation Order, if no objection is filed to a monthly fee application within twenty (20) days of the date of filing of that application, then the respective professionals may be paid eighty-five percent (85%) of the fees and one hundred percent (100%) of the expenses set forth in the applicable monthly fee application.

7. Every three (3) months beginning with the three-month period ending on January 31, 2009, all professionals, including Skadden, Arps, are required to

file interim fee applications for the prior three-month period. Thereafter, this Court schedules a hearing to consider such interim fee applications, including payment of the fifteen percent (15%) "holdback".

8. Pursuant to the Interim Compensation Order, Skadden, Arps has served each Monthly Fee Request, including time and expense detail on (i) Circuit City Stores, Inc., (ii) McGuireWoods LLP, (iii) the Office of the United States Trustee, and (iv) Pachulski Stang Ziehl & Jones LLP (collectively, the "Notice Parties"), for each of the months in the Application Period.

9. On March 15, 2010, Skadden, Arps served its Monthly Fee Request in the amount of \$845,790, consisting of \$821,180 for professional fees and \$24,610 for expenses relating to the period from February 1, 2010 through and including February 28, 2010. Pursuant to the Interim Compensation Order, the Notice Parties had twenty days to object to such Monthly Fee Request. The 20-day period for objections expired on April 6, 2010 without any objections. At that time, Skadden, Arps was paid 85% of the requested professional fees and

100% of requested expenses, in the aggregate amount of \$722,613.

10. On April 9, 2010, Skadden, Arps served its Monthly Fee Request in the amount of \$833,253, consisting of \$810,985 for professional fees and \$22,268 for expenses relating to the period from March 1, 2010 through and including March 31, 2010. Pursuant to the Interim Compensation Order, the Notice Parties had twenty days to object to such Monthly Fee Request. The 20-day period for objections expired on April 29, 2010 without any objections. At that time, Skadden, Arps was paid 85% of the requested professional fees and 100% of requested expenses, in the aggregate amount of \$711,605.

11. On May 14, 2010, Skadden, Arps served its Monthly Fee Request in the amount of \$729,264, consisting of \$707,035 for professional fees and \$22,229 for expenses relating to the period from April 1, 2010 through and including April 30, 2010. Pursuant to the Interim Compensation Order, the Notice Parties had twenty days to object to such Monthly Fee Request. The 20-day period for objections expired on June 3, 2010 without any objections. At that time, Skadden, Arps was

paid 85% of the requested professional fees and 100% of requested expenses, in the aggregate amount of \$623,209.

12. Pursuant to the Interim Compensation Order, Skadden, Arps is filing this Application for compensation for professional services rendered and reimbursement of disbursements made in these cases during the Application Period.

RELIEF REQUESTED

13. By this Application, Skadden, Arps requests approval and payment of interim compensation and reimbursement of expenses for the Application Period pursuant to Bankruptcy Code sections 330 and 331. Attached as Exhibit C are copies of Skadden, Arps' fee statements (the "Statements") reflecting professional services rendered for which compensation is sought and actual disbursements for which reimbursement is sought.

14. At this time, Skadden, Arps is seeking allowance of compensation equal to \$2,339,200 in fees for professional services rendered during the Application Period as counsel to the Debtors in these chapter 11 cases. This amount is derived solely from the applicable hourly billing rates of the firm's

personnel who rendered such services to the Debtors. Of this amount, Skadden, Arps has already been paid \$1,988,230 pursuant to the Interim Compensation Order. In addition to the foregoing amounts, through this Application, Skadden, Arps requests payment of \$350,880, representing the aggregate 15% holdback of fees billed, but withheld, during the Application Period.

15. Skadden, Arps also requests allowance of reimbursement of 100% of the actual and necessary out-of-pocket disbursements and charges incurred in the Application Period, equal to \$69,107.

16. The fees and disbursements sought through this Application Period reflect total client accommodations of \$133,604. In the event that any objections to this Application are filed, Skadden, Arps reserves the right to seek payment for all or any part of the client accommodations.

17. This Application is made without prejudice to the firm's right to seek further interim allowances and/or a final allowance of compensation in the future in accordance with the Retention Order and the Interim Compensation Order.

18. Skadden, Arps has received no promise of payment for professional services rendered or to be rendered in these cases other than in accordance with the provisions of the Bankruptcy Code.

BASIS FOR RELIEF

19. It is not practical to describe every phone call made, meeting attended, document generated, or other service provided in the Debtors' cases during the Application Period. Thus, this Application highlights the most significant services performed by Skadden, Arps for the Debtors during the Application Period; the attached time records contain the detail of each task performed.

20. Skadden, Arps submits that the legal services and advice rendered to the Debtors during the Application Period were necessary and beneficial to the Debtors, their estates and their creditors.

21. During the Application Period, attorneys and paraprofessionals of Skadden, Arps devoted a total of 4129.45 hours to representation of the Debtors. Of the aggregate time expended, 347.8 hours were spent by partners, 3509.55 hours were spent by associates and

272.1 hours were spent by paraprofessionals. Schedules showing the name and position of each such partner, associate and paraprofessional, hours worked during the Application Period, and hourly billing rate are provided at the front of this Application. Skadden, Arps' professionals billed their services in these cases to numerous matters corresponding to particular activities in the case. Exhibit D provides the detail by matter of the time billed for such services.

22. Set forth on Exhibit E are the detailed expense charges incurred during the Application Period by matter number.

DESCRIPTION OF SERVICES RENDERED

23. The following description of Skadden, Arps' services is a summary of the matters that occupied substantial amounts of time during the Application Period.

I. MATTER OVER \$1,000,000 - CLAIMS ADMINISTRATION (Amount Sought: \$1,035,424)

24. During the Application Period, Skadden, Arps' professionals devoted nearly half of their total time to analyzing, reviewing, reconciling, and objecting

to claims against the Debtors, with a total time value of \$1,035,424. Skadden, Arps continued to file omnibus objections to legally invalid or otherwise improper claims, filed objections to numerous large individual claims, replied when claimants responded to these omnibus and individual objections, and worked to settle certain claims asserted against the Debtors' estates.

25. As with prior application periods, Skadden, Arps professionals continued to object to improper administrative and 503(b)(9) claims. As part of this process, Skadden, Arps worked closely with the Debtors reviewing and reconciling claims, valuating potential causes of action, drafting demand letters, and seeking to collect receivables. Many claimants responded to the demand letters, at which point Skadden, Arps' professionals assisted the Debtors with the exchange of information and, where possible, consensual resolutions.

26. In addition, Skadden, Arps' professionals began reviewing and objecting to improper priority claims asserted against the Debtors. Specifically, professionals at Skadden Arps drafted objections,

evaluated responses, and replied to these responses. In addition, the Debtors filed summary judgment motions and supplemental claim objections pursuant to which the Debtors sought to disallow substantial alleged class claims of employees seeking 507(a)(4) priority. Subsequently, the Debtors also litigated issues related to class proofs of claim.

27. During the Application Period, Skadden, Arps' professionals also began reconciling and settling the claims of the Debtors' landlords. This process included working closely with the Debtors to identify all of the disputed issues and drafting letters to the landlords identifying these issues. Thereafter, Skadden, Arps' professionals worked with the Debtors and the claimants to attempt to narrow the disputes and, where possible, reach consensual resolutions.

28. In all, Skadden, Arps' professionals devoted a total of 1881.6 hours to claims administration matters during the Application Period for which compensation is sought, with a total time value of \$1,035,424.

II. MATTERS OVER \$100,000

29. During the Application Period, Skadden, Arps' professionals devoted significant time to four other key matters, the time value of which exceeds \$100,000 for each. These matters are as follows:

A. Litigation (Amount Sought: \$430,681)

30. During the Application Period, the Debtors' litigation efforts shifted to initiating litigation against individual defendants.

31. This process involved, first, drafting demand letters to claimants. Many claimants were amenable to informal discovery and wholesale settlement of their disputes with the Debtors. In these instances, Skadden, Arps' professionals coordinated the exchange of information and drafted stipulations memorializing consensual resolutions. In other instances, the Debtors received no response or could not reach a consensual resolution. In such circumstances, Skadden, Arps' professionals drafted and filed complaints/claim objections seeking to reduce, reclassify and/or disallow claims, collect or setoff receivables, and recover

avoidable transfers. As part of this process, professionals at Skadden, Arps also drafted and responded to interrogatories and discovery requests.

32. During the Application Period, Skadden, Arps was also tasked with defending an appeal. In the prior application period, the Court ruled that the Debtors could temporarily disallow 503(b)(9) claims where the claimant received an avoidable transfer and denied various motions for reconsideration of such ruling. During this Application Period, several claimants appealed the decision and sought leave to file an interlocutory appeal. Skadden, Arps sought to dismiss the appeal and responded to the various motions for interlocutory appeal. In addition, Skadden, Arps' professionals began drafting a brief in opposition. Contemporaneously therewith, Skadden, Arps worked to resolve these issues favorably to the Debtors and their estates without incurring the expenses associated with further defending the appeal.

33. In addition to initiating litigation on behalf of the Debtors, Skadden, Arps' professionals defended the Debtors in litigation initiated by other

parties. This assistance consisted of, among other things, drafting and responding to discovery requests and drafting and responding to motions or pleadings in various contested matters and adversary proceedings.

34. In all, Skadden, Arps' professionals devoted a total of 743.8 hours to litigation matters during the Application Period for which compensation is sought, with a total time value of \$430,681.

B. Tax Matters
(Amount Sought: \$256,773)

35. During the Application Period, Skadden, Arps continued to address developments relating to tax refunds owing to the Debtors on account of (i) a certain sale/leaseback transaction and (ii) net operating loss carrybacks. As in the prior application period, professionals at Skadden, Arps continued to devote substantial time to the recovery of the remaining refunds.

36. Additionally, Skadden, Arps continued to assist the Debtors and their Canadian professionals with tax matters related to the Canadian affiliates and potential distributions to the Debtors from Canada. As

part of that process, the Debtors are seeking to mitigate Canadian and other taxes.

37. Finally, in conjunction with the claims administration process, Skadden, Arps' professionals assisted the Debtors with analyzing and reconciling various tax priority claims and, in certain instances, have sought to disallow substantial priority tax claims based on governing tax law.

38. In all, Skadden, Arps' professionals devoted a total of 450.2 hours to tax matters during the Application Period for which compensation is sought, with a total time value of \$256,773.

C. Case Administration
(Amount Sought: \$150,753)

39. During the Application Period, Skadden, Arps began working more closely with the Debtors' chief restructuring officer to facilitate the transition to the proposed liquidating trust, of which he would serve as trustee. This involved drafting comprehensive memoranda regarding the status of all matters on which professionals at Skadden, Arps were working.

40. Additionally, Skadden, Arps' professionals prepared for, attended and participated in various omnibus hearings, each dealing with numerous contested and uncontested matters.

41. In all, Skadden, Arps' professionals devoted a total of 328.5 hours to case administration matters during the Application Period for which compensation is sought, with a total time value of \$150,753.

**D. Reorganization Plan/Plan Sponsors
(Amount Sought: \$103,540)**

42. During the Application Period, Skadden, Arps concentrated significant efforts on negotiating with the Creditors' Committee over the terms of the liquidating trust agreement, bylaws, and other plan documents.

43. Skadden, Arps' professionals also continued to advise the Debtors regarding plan and related tax considerations that impact the timing of confirmation. As part of that process, professionals at Skadden, Arps spent significant time addressing various transactions that could facilitate the return of

proceeds from Canada and ensure desirable tax treatment of these transactions under Canadian law. In all respects, such transactions would require modification of the Plan. Thus, Skadden, Arps' professionals prepared a motion to modify the Plan and also modified plan documents accordingly.

44. Finally, Skadden, Arps' professionals worked to resolve objections to confirmation and update the Plan accordingly.

45. In all, Skadden, Arps' professionals devoted a total of 175.3 hours to reorganization and plan-related matters during the Application Period for which compensation is sought, with a total time value of \$103,540.

III. MATTERS OVER \$40,000

46. Skadden, Arps' professionals devoted time to additional important matters, the time value of which exceeds \$40,000 during the Application Period. These matters are as follows:

A. Asset Dispositions (Real Property)
(Amount Sought: \$50,504)

47. During the Application Period, professionals at Skadden, Arps facilitated the sale of two parcels of real property owned by the Debtors and worked towards the sale of another (the land on which the Debtors' former corporate headquarters sits). In one instance, Skadden, Arps' professionals prepared documents for the sale of property in Whitehall, Pennsylvania and held an auction that resulted in a sale for over fifteen times the purchase price under the stalking horse agreement.

48. With respect to the sale of the former corporate headquarters, Skadden, Arps' professionals worked with multiple parties and ultimately resolved issues that had previously delayed the sale of the property. Having resolved such issues, Skadden, Arps worked with the Debtors and their other advisors to secure a letter of intent with a potential purchaser whose offer would be subject to higher or better offers at an auction.

49. In all, Skadden, Arps' professionals devoted a total of 89.1 hours to real property asset disposition matters during the Application Period for which compensation is sought, with a total time value of \$50,504.

B. Employee Matters
(Amount Sought: \$46,791)

50. In addition to addressing general employment issues during the Application Period, Skadden, Arps' professionals focused on the going-forward relationships between the Debtors and those who formerly served as their key officers during the liquidation. First, professionals at Skadden, Arps drafted and obtained the Court's approval of an independent contractor agreement with the Debtors' former CEO. As part of that process, the Debtors negotiated a consensual resolution with the Creditors' Committee concerning such person's incentive bonus. Second, professionals at Skadden, Arps negotiated an agreement with the Debtors' former Vice President, Controller, and Principal Financial Officer. Pursuant to these

agreements, the Debtors were able to continue to obtain necessary services.

51. In all, Skadden, Arps' professionals devoted a total of 68.5 hours to employee matters during the Application Period for which compensation is sought, with a total time value of \$46,791.

**C. General Corporate Advice
(Amount Sought: \$44,018)**

52. During the Application Period, Skadden, Arps continued to provide the Debtors with general corporate advice, including advice related to their obligations under the Bankruptcy Code and changes that would occur upon confirmation and transition to a liquidating trust.

53. In all, Skadden, Arps' professionals devoted a total of 67.4 hours to providing general corporate advice during the Application Period for which compensation is sought, with a total time value of \$44,018.

**D. Leases (Real Property)
(Amount Sought: \$43,471)**

54. During the Application Period, Skadden, Arps continued to facilitate dialogue between the

Debtors and their landlords on issues related to rejection and termination of the Debtors' leases. Pursuant to these discussions, Skadden, Arps assisted with, among other things, reconciling final accounts, determining the validity of alleged obligations of the Debtors, and coordinating payment of these obligations.

55. Additionally, professionals at Skadden, Arps consensually resolved a dispute surrounding a ground lease on their corporate headquarters property.

56. In all, Skadden, Arps' professionals devoted a total of 72.7 hours to real property lease-related matters during the Application Period for which compensation is sought, with a total time value of \$43,471.

E. Nonworking Travel Time
(Amount Sought: \$43,034)

57. During the Application Period, Skadden, Arps' professionals attended numerous omnibus hearings and on-site client meetings, requiring significant amounts of travel.

58. In all, Skadden, Arps' professionals devoted a total of 52.45 hours to non-working travel

during the Application Period for which compensation is sought, with a time value of \$43,034, representing fifty percent (50%) of the total time value.

IV. MATTERS OVER \$15,000

59. Certain other matters required the attention of Skadden, Arps during the Application Period, the time value of which exceeds \$15,000 for each. These matters are as follows:

**A. Retention/Fee Matters (Skadden, Arps)
(Amount Sought: \$25,610)**

60. During the Application Period, Skadden, Arps' professionals prepared three monthly fee statements and the firm's fifth interim fee application.

61. In all, Skadden, Arps' professionals devoted a total of 40.5 hours to matters related to their retention and fees during the Application Period for which compensation is sought, with a total time value of \$25,610.

**B. Retention/Fee Matters/Objections (Others)
(Amount Sought: \$25,576)**

62. During the Application Period, Skadden, Arps' professionals negotiated with the Creditors' Committee and other interested parties to finalize the

terms of the engagement of the proposed liquidating trustee as the Debtors' chief restructuring officer and negotiated the terms of his retention agreement and related retention documents. Subsequently, Skadden, Arps' professionals sought and received approval of the retention.

63. In all, Skadden, Arps' professionals devoted a total of 42 hours to matters related to the retention of other professionals during the Application Period for which compensation is sought, with a time value of \$25,576.

C. Utilities
(Amount Sought: \$19,896)

64. During the Application Period, Skadden, Arps' professionals fielded numerous inquiries from the Debtors' former utility providers, the majority of which related to reconciling accounts and reviewing final statements thereof. By responding to these inquiries, Skadden, Arps' professionals expedited the ongoing claims administration process with respect to utility-related claims.

65. In all, Skadden, Arps' professionals devoted a total of 34.6 hours to utility matters during the Application Period for which compensation is sought, with a time value of \$19,896.

**D. Business Operations/Strategic Planning
(Amount Sought: \$19,501)**

66. As discussed above, during the Application Period, Skadden, Arps, in conjunction with Canadian counsel, provided strategic advice regarding ongoing tax matters and transactions contemplated in, and related to, the Canadian restructuring proceedings, and how the Debtors could maximize their recovery in light of such issues.

67. In all, Skadden, Arps' professionals devoted a total of 20 hours to business operations and strategic planning matters during the Application Period for which compensation is sought, with a time value of \$19,501.

V. MATTERS UNDER \$15,000

68. Finally, Skadden, Arps devoted time to matters with a time value less than \$15,000 for each. These matters included (i) analyzing receivables and

avoidable transfers, (ii) canceling surety bonds and resolving issues related thereto, (iii) addressing disputes with the Debtors' insurers, (iv) addressing issues related to reclamation claims, (v) attending meetings with parties in interest, (vi) preparing and filing reports and schedules, and (vii) facilitating the sale of remaining miscellaneous assets.

ALLOWANCE OF COMPENSATION

69. **Compensation Sought.** Because of the benefits realized by the Debtors, the nature of these cases, the standing at the bar of the attorneys who rendered services, the amount of work done, the time consumed, the skill required and the contingent nature of the compensation, Skadden, Arps requests that it be allowed at this time all compensation for the professional services rendered during the Application Period. Additionally, Skadden, Arps seeks payment of the remaining 15% holdback, totaling \$350,880.

70. Skadden, Arps achieved cost efficiencies by employing a streamlined case management structure. Instead of assigning various attorneys to the myriad of tasks that arose during these cases, Skadden, Arps

designated a core group of associates who were assigned responsibility for specific matters and types of matters. This (i) allowed some attorneys to work almost exclusively on discrete matters in the Debtors' cases, (ii) permitted the case to be staffed with as little partner involvement as appropriate, and (iii) enabled Skadden, Arps to avoid performing duplicative or unnecessary work.

71. **Reimbursement of Expenses.** Skadden, Arps has disbursed, and requests allowance reimbursement for \$69,107, representing actual and necessary expenses incurred while rendering professional services in these cases.

72. **Compensation Sharing Disclosure.** Other than between Skadden, Arps and its affiliated law practices and their members, no agreement or understanding exists between Skadden, Arps and any other person or persons for the sharing of compensation received or to be received for professional services rendered in or in connection with these cases, nor will any be made except as permitted pursuant to Bankruptcy Code section 504(b)(1).

73. **Reservation of Rights.** Skadden, Arps reserves the right to return to this Court seeking reimbursement for amounts related to work performed or expenses incurred during the Application Period but not yet reflected in the firm's time records or to amend the amounts listed herein to correct any bookkeeping errors. In the event that a subsequent review reveals that additional professional services have been rendered or expenses have been incurred on behalf of the Debtors during the Application Period, which were not processed by the firm's accounting system before the time of this Application, Skadden, Arps reserves the right to seek such additional fees and expenses by subsequent application to the Court.³

³ Skadden, Arps further reserves the right to request additional compensation at a later date for time spent preparing this Application.

CONCLUSION

WHEREFORE, Skadden, Arps respectfully requests entry of an order (a) approving interim compensation for professional services rendered as attorneys for the Debtors in the sum of \$2,339,200, equal to one hundred percent (100%) of fees incurred during the Application Period; (b) authorizing payment of \$350,880 as fifteen percent (15%) of fees held back; (c) approving of reimbursement of actual and necessary expenses in the sum of \$69,107; and (d) granting such other and further relief as is just and proper.

Dated: June 14, 2010 SKADDEN, ARPS, SLATE,
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